



## **Submission to the Senate Employment, Education and Workplace Relations Committee**

### **Social Security Legislation Amendment (Employment Services Reform) Bill 2008**

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## **About Catholic Social Services Australia**

Representing 66 member organisations, Catholic Social Services Australia is the Catholic Church's peak national body for social services. It advises the Australian Catholic Bishops Conference and Catholic Religious Australia on social policy issues as well as supporting the delivery of a wide range of social service programs.

For over 50 years, Catholic Social Services Australia has assisted and promoted better social policy for the most disadvantaged people in Australian society. This continues a much longer tradition of such engagement by the Catholic Church in Australia.

Catholic Social Services Australia has the mission of promoting a fairer, more inclusive society that gives preference to helping people most in need. It is committed to an Australian society that reflects and supports the dignity, equality and participation of all people. To this end, Catholic Social Services Australia works with Catholic organisations, governments, other churches and all people of goodwill to develop social welfare policies and other strategic responses that work towards the economic, social and spiritual well-being of the Australian community.

Our members employ around 10,000 people and provide 500 different services to over a million people each year from sites in metropolitan, regional and rural Australia. Services provided by our members include aged care, community care, disability services, drug and alcohol services, employment and vocational programs (including Job Network, Disability Open Employment and Personal Support Program), family relationship services, housing, mental health, residential care and youth programs.

## Summary

The goal of the *Social Security Legislation Amendment (Employment Services Reform) Bill 2008* is “to ensure job seekers meet their participation requirements and make every effort to get themselves off welfare and into a job.”<sup>1</sup>

In introducing this bill the Government recognises that the current compliance system has resulted in an unacceptably large number of eight week non-payment penalties and that these penalties have not prevented non-compliance. The Minister acknowledges that introducing a more effective system should result in fewer penalties.

Catholic Social Services Australia supports the intent of this bill. The current compliance system is both harsh and counter-productive. It causes hardship to large numbers of individuals and families in an effort to penalise a small number of individuals who may be abusing the system.

However, our major concern is that the new arrangements are still too harsh and inflexible. The Bill should allow more discretion in the imposition of penalties and should eliminate mandatory eight week penalties entirely.

The Bill should also include a requirement that the new compliance arrangements are reviewed within 12 months of being introduced, and that data regarding the effects of the compliance system should be collected and published regularly.

## Introduction

Activity requirements and compliance measures should help people; they should encourage job seekers to search for work and participate in activities which will improve their employability. In recent times, compliance with bureaucratic requirements has become an end in itself rather than a means to improvements in employment outcomes and job seeker well-being.

Because the level of payment is so low, Australia’s income support system already provides strong incentives for recipients to seek employment. For most people income support payments are already grossly inadequate. Unless additional payments for compliance were to be introduced, the only way that the compliance system is able to increase financial incentives to work is by threatening income support recipients with further financial hardship. Reducing an already inadequate payment by *any* amount will increase hardship.

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<sup>1</sup> Brendan O’Conner, Second Reading Speech, Social Security Legislation Amendment (Employment Services Reform) Bill 2008

<http://mediacentre.dewr.gov.au/mediacentre/OConnor/Releases/SecondReadingSpeechSocialSecurityLegislationAmendmentEmploymentServicesReformBill2008.htm>

The first objective of the income support system is to provide a safety net for vulnerable individuals and families. This goal is undermined by the current system's mandatory eight week non-payment penalties. Research by the Social Policy Research Centre shows that breaching has a significant negative impact on the lives of income support recipients. It is clearly not the case that the majority of people who are breached are able to replace lost income support payments with wages.

It is not acceptable to use financial hardship, or the threat of financial hardship, as a tool to promote compliance. Nor is it acceptable to place already vulnerable individuals and their families under severe added stress. Individuals who are unable to support themselves through paid work should be entitled to an adequate level of support and to lives where dignity is maintained.

Because individuals are almost always better off in employment than remaining jobless and reliant on income support, it is difficult to see why policy makers need to rely on the threat of hardship to encourage participation in activities that offer genuine opportunities to escape welfare and move into paid employment. Income support sanctions ought to be a last resort used to reengage with job-seekers, and only used where they will not result in financial hardship.

One only needs to read the Parliamentary debate on the introduction of this Bill<sup>2</sup> to see that much of the motivation for harsh income support sanctions rests on the belief that there are large numbers of income support recipients who take advantage of the system in order to avoid work. Not only are they rorting the system, but they do not feel guilty about doing so.

But claims about armies of 'dole bludgers' rest entirely on anecdote. Almost everyone has a story about a relative or a friend of a friend. But as common as these stories are, there is very little systematic evidence of large numbers of income support recipients who are able to work but simply refuse to do so.

Anger and anecdote are a poor basis for policy — particularly policy which has the potential to harm so many vulnerable people. It is impossible to design a set of rules which will persuade job ready people to accept work without exposing a far larger group of people to financial hardship. Legislators should be aware of the price being paid to "weed out" a small number of offenders, but to date governments have not collected this information.

### **Catholic social teaching and income support policy**

In a 2007 paper on mutual obligation Catholic Social Services Australia argued that Australia's income support system should be guided by five principles:

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<sup>2</sup> For example, see Australia, House of Representatives, Tuesday 21 October 2008 p 27-36

[http://parlinfo.aph.gov.au/parlInfo/download/chamber/hansardr/2008-10-21/toc\\_pdf/6297-2.pdf;fileType=application%2Fpdf](http://parlinfo.aph.gov.au/parlInfo/download/chamber/hansardr/2008-10-21/toc_pdf/6297-2.pdf;fileType=application%2Fpdf)

1. **Respect for human dignity:** Mutual obligation policies should be designed, promoted and administered in a way that respects the dignity of individuals, their families and their communities. The policies should not be stigmatising or demeaning. Respect for human dignity is the key principle from which the other four principles flow.
2. **Respect for the rights of the family:** Family members have a right as well as a responsibility to make decisions about their own welfare and the welfare of children. Where possible, governments should help families take responsibility and support them to make the right decisions. In meeting its obligations to support individuals and families, government must assist – rather than attempt to control – individuals, families and communities.
3. **A right to financial support for those in need:** The community has an obligation to support individuals when they cannot support themselves or have family obligations which interfere with paid work. Because payments are made on the basis of need, accepting income support should not be seen as generating a ‘debt to society’ that needs to be repaid through work.
4. **A government that meets its obligations:** Government has obligations which extend beyond providing financial support. Individuals have obligations that can include contributing to the community through paid work or caring for family members. In turn, government has an obligation to help individuals meet their obligations and develop their potential. Government can do this by pursuing full employment and providing the education, training and other services individuals need in order to develop their potential as contributing members of the community.
5. **Mutual obligation activities should benefit recipients and their families:** Mutual obligation activities should be implemented in a way that benefits either the income support recipient or those who rely on them for care. Policy makers should not use these activities to deter claims for income support or as a substitute for fraud prevention. Treating all income support recipients as dysfunctional and untrustworthy is inconsistent with a respect for human dignity.<sup>3</sup>

These principles are grounded in Catholic Social Teaching but draw on ideas about social justice which are shared by many individuals and organisations within the community.

## What is wrong with the existing system?

For more than a decade, the Australian Government has been steadily tightening the obligations imposed on working age income support recipients. Along with changes to the compliance system this increase in compulsory activity has led to an increased incidence of income support penalties.

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<sup>3</sup> Catholic Social Services Australia, ‘The Obligation is Mutual: Discussion paper on mutual obligation’, October 2007 [http://catholicsocialservices.org.au/system/files/Mutual\\_Obligation\\_Oct\\_07\\_0.pdf](http://catholicsocialservices.org.au/system/files/Mutual_Obligation_Oct_07_0.pdf)

While policy makers have exposed increasing numbers of recipients to hardship, there is no clear evidence that higher rates of breaching are necessary in order to improve employment outcomes. There is very little evidence on the effects of changes to the severity and duration of penalties. In the absence of clear evidence of effectiveness, it is irresponsible for policy makers to expose recipients to the risk of penalties.

Policy makers should fully exhaust all other options for improving compliance before turning to income support penalties — especially penalties as severe as mandatory eight week non-payment periods.

### **Increasing numbers of people denied support<sup>4</sup>**

According to the National Welfare Rights Network and the Australian Council of Social Service, the number of income support penalties applied to Newstart and Youth Allowance recipients increased by 250% from 1997-98 to 1999-2000.<sup>5</sup>

From July 1 2006 the Government made a number of changes to the system. These included extending activity testing and Work for the Dole to parents with children aged six to 15 and to people with disabilities capable of working part time. Before the changes, unemployment payment recipients could be subject to a reduction in their rate of payment or complete loss of payment for a set period (eight weeks) if they failed to meet the Government's requirements. After July 1 2006 the Government changed the system of penalties. According to the Department of Employment and Workplace Relations:

The new arrangements make a clear link between receiving an income support payment and a job seeker actively participating in employment services and meeting their other requirements. They do this by giving job seekers an opportunity, following an initial failure, to avoid a financial penalty by meeting the requirement they originally failed to meet. However, a fixed term 8 week non payment penalty has been retained as a deterrent to repeated or more serious activity test failures.<sup>6</sup>

The effect of this change was an increase in the number of recipients losing income support entirely for an eight week period. According to Patricia Karvelas of the *Australian* 4,653 people had been cut off payments in the first six months after the changes.<sup>7</sup> The numbers continued to increase. By the end of June 2007 15,509 income support recipients had incurred an eight week non-payment period.<sup>8</sup> By contrast, during the year preceding

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<sup>4</sup> The information in this section is reproduced from CSSA's discussion paper *The Obligation is Mutual* October 2007. [http://catholicsocialservices.org.au/system/files/Mutual\\_Obligation\\_Oct\\_07\\_0.pdf](http://catholicsocialservices.org.au/system/files/Mutual_Obligation_Oct_07_0.pdf)

<sup>5</sup> ACOSS, *Doling out Punishment: The Rise of Social Security Penalties* A joint research paper by the National Welfare Rights Network and ACOSS  
<http://www.welfarerights.org.au/Policy%20papers%20%20submissions/ppdoling.pdf>

<sup>6</sup> Department of Employment and Workplace Relations, *Activity Test Compliance Penalties*  
<http://www.workplace.gov.au/workplace/Publications/ResearchStats/Participation+and+compliance+data/Explanatory+notes/ActivityTestCompliancePenalties.htm>

<sup>7</sup> Patricia Karvelas, '5000 Cut Off Dole in Purge of Jobless', *The Australian* (January 5, 2007) p 5.

<sup>8</sup> Christopher Ellison, Senate Hansard (August 13, 2007), p 25.

the introduction of Welfare to Work only 6,432 people had lost all payments for eight weeks.<sup>9</sup>

More recently, the Minister for Employment services reported that the number of non-payment penalties increased again in 2007-08 to around 32,000<sup>10</sup>.

### **The impact of income support penalties**

The sharp increase in breaching which took place in the early 2000s attracted considerable attention from the community sector and the media. Even though government policies were driving up the numbers of recipients experiencing breaches, policy makers had no access to good evidence about the effect of breaching on compliance, well-being or employment outcomes.

In response to this lack of evidence the Department of Family and Community Services commissioned the Social Policy Research Centre (SPRC) to conduct a study of the impact of breaching on income support customers.<sup>11</sup> This study remains one of the best sources of evidence about the effect of income support sanctions outside of those conducted by advocacy organisations.

The SPRC researchers found that breaching produced a complex pattern of impacts. While there was some evidence of increased job search intensity — 66.7% of respondents reported that they looked harder for work as a result of the breach — only 18.5% reported that they had found full time work as a result of the breach. A significant proportion, however, reported that they had found part-time or casual work (33.2%), increased their hours of work (19.6%) or started reporting all their earnings to Centrelink (31.9%). While it is difficult to know what proportion would have found work if they had not been breached, it seems reasonable to conclude that breaching encouraged some job seekers to move into employment faster than they otherwise would have, or to take on more hours of work.

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<sup>9</sup> Welfare Rights Centre, "\$27m saved through 240% increase in penalties", *Rights Review*, Sept. 2007, p.3.

<sup>10</sup> Brendan O'Conner, Second Reading Speech, Social Security Legislation Amendment (Employment Services Reform) Bill 2008

<http://mediacentre.dewr.gov.au/mediacentre/OConnor/Releases/SecondReadingSpeechSocialSecurityLegislationAmendmentEmploymentServicesReformBill2008.htm>

<sup>11</sup> Eardley, T., J. Brown, M. Rawsthorne, K. Norris and L. Emrys (2005), *The Impact of Breaching on Income Support Customers*, Report for the Department of Family and Community Services, SPRC Reports 5/05, Social Policy Research Centre, University of New South Wales, Sydney.

More disturbingly, 40.8% of respondents reported that they were unable to pay the rent as a result of the breach. 10.9% reported losing their accommodation while others reported that they had to move to cheaper accommodation (19.8%) or move house (17.9%).

Respondents also reported going without food (31.8%), doing without medical treatment (26.8%) and having problems paying household bills (65.5%).

The impact of breaching was not confined to the individual income support recipient but also affected partners, children, relatives and friends. 70.5% reported borrowing money from relatives or friends. 26.2% reported that their marriage or relationship came under stress. 21.3% reported that they were involved in a serious household argument. 15.1% reported that they stopped taking the children on outings. According to the researchers, the “imposition of penalties appears to exacerbate already tense family relationships.”

Since many recipients come from families and communities which are already under stress, breaching is likely to exacerbate problems such as family breakdown.

There is also some evidence that breaching can have a perverse effect in some cases. Some respondents (27.2%) reported cutting down on their job search activities (perhaps as a result of lack of money for transport).

While breaching may lead to an increase in job search activity, it also has serious negative impacts on individuals, their children, families and broader social networks. The research suggests that the majority of job seekers who are breached are not voluntarily jobless. If this is the case, the proportion moving into employment would almost certainly be higher and the numbers reporting hardship lower.

When legislators mandate eight week penalties, the result is not just the possibility of improved compliance with government requirements, but hardship for vulnerable individuals and families. It is irresponsible to ignore or deny the negative impacts of breaching.

### **Arguments for the current compliance system**

There are four common justifications offered for compliance measures:

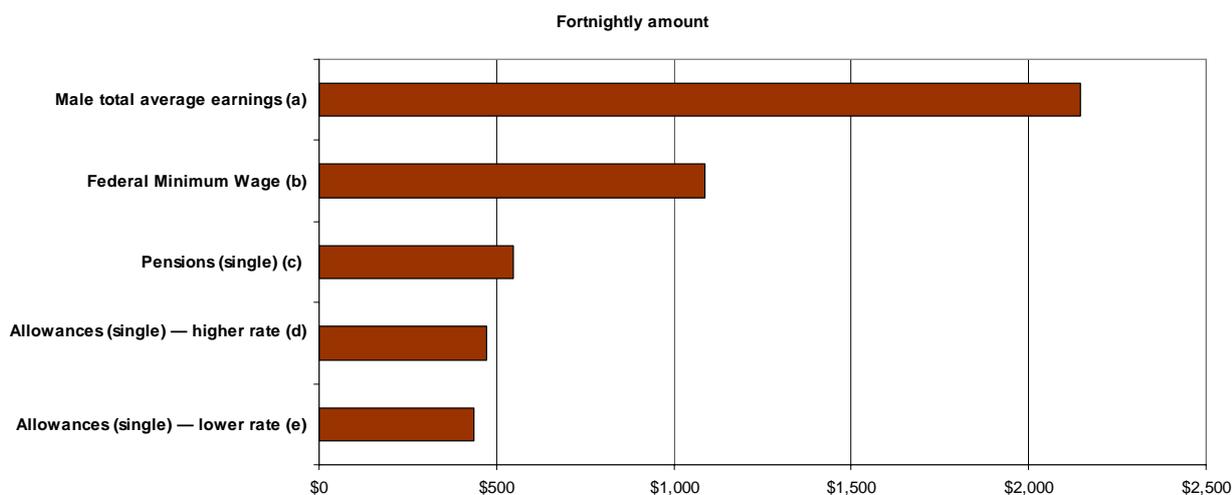
- **Lack of financial incentives:** If the gap between income support payments and the income from paid work is too narrow, recipients will have little incentive to work.
- **A culture of dependency:** Long term income support recipients develop a taste for joblessness — particularly when joblessness becomes intergenerational. Financial incentives fail to motivate job search because recipients have an unusually strong preference for the jobless lifestyle.
- **Psychological dysfunction:** Long term joblessness leads to a loss of motivation and irrationally defeatist beliefs about the effectiveness of job search and participation in employment services. Left to their own devices, income support recipients fail to act in their own best interests.
- **The political problem:** Political support for income support is threatened by the public's *belief* that the system is too lax. The compliance system helps maintain the legitimacy of the system by reassuring the public that recipients are actively seeking work.

The problem of compliance with *activity requirements* (eg job search, training, work experience) is different from the problem of *fraud*. The current system of penalties is designed to address the problem of compliance. Dealing with fraud is a separate issue.

None of these justifications provides strong support for the current compliance system and its heavy reliance on mandatory eight week non-payment penalties.

### Financial incentives

The SPRC study indicates that the majority of income support recipients who are breached are single and without dependent children. This suggests these recipients already have a significant financial incentive to accept offers of full time work. Even at minimum wages, most would be significantly better off in work than on income support.



- (a) All employees total earnings for May 2008 (original). Source: ABS Average Weekly Earnings Australia 6302.0.
- (b) July 2008 Decision. Source: Australian Fair Pay Commission.
- (c) Maximum single adult rate as at 1 July 2008. Includes Age Pension, Disability Support Pension, Carer Payment, Parenting Payment Single, Bereavement Allowance, Wife Pension, Widow B Pension and Service Pension.
- (d) Maximum single adult rate as at 1 July 2008. Includes Newstart Allowance, Parenting Payment Partnered, Sickness Allowance, Mature Age Allowance, Widow Allowance and Partner Allowance. Higher single rate applies to: a person with a dependent child; or a person aged 60 or more and on income support for at least 9 months; and to partnered people separated due to ill-health, infirmity or because the partner is in gaol.
- (e) Lower single rate applies to singles not covered by the higher rate. Source: Pension Review Background Paper, FaHCSIA.

It may be that some recipients fail to comply because they do not see a strong connection between participation in mandatory activities and improvements in their chances of employment. A recent qualitative study of long-term unemployed people in Australia, found that many regarded their obligations as unproductive. According to the researchers, “The impact of being subjected to relentless and tightly controlled processes without tangible outcomes contributed to feelings of anger, hopelessness and humiliation among our respondents.”<sup>12</sup>

<sup>12</sup> Greg Marston and Catherine McDonald ‘Feeling motivated yet? Long-term unemployed people's perspectives on the implementation of workfare in Australia’ *Australian Journal of Social Issues* 43.2 (Winter 2008): p255(15).

Over time the government has imposed an increasingly inflexible and bureaucratic regime of contacts and activities on both job seekers and employment services providers. The appropriate response to this problem is not to continue to impose mandatory eight week penalties, but to improve the quality and responsiveness of employment services.

### *A culture of dependency*

According to this justification, some income support recipients are so unused to working and find it so aversive that they will not accept employment unless they are threatened with destitution. This is a very old idea. In the 19<sup>th</sup> century Alexis de Tocqueville argued that:

Man, like all socially organised beings, has a natural passion for idleness. There are, however, two incentives to work: the need to live and the desire to improve the conditions of life. Experience has proven that the majority of men can be sufficiently motivated to work only by the first of these incentives. The second is only effective with a small minority.

As it turned out, history proved Tocqueville wrong. In fact today some critics complain that Australians are so keen to improve the conditions of life that they overwork. But even if modern day Tocquevillians were right and a small minority of income support recipients will refuse to work unless they are entirely cut off from support, this would not justify exposing a far larger number of recipients to demonstrable hardship.

While the idea that a significant proportion of recipients are mired in a culture of dependency is an established part of Australian folk wisdom, there is very little research evidence to support it.

Even if some recipients had a culturally ingrained bias against work, it is not clear that income support penalties would have any lasting effect on preferences or habits. A more effective response might be to intervene in highly disadvantaged communities (such as those identified in *Dropping Off the Edge* — the report published by Catholic Social Services Australia and Jesuit Social Services<sup>13</sup>) in a more comprehensive way to prevent cycles of intergenerational disadvantage from forming and persisting.

### *Psychological dysfunction*

If a significant number of job seekers are unable to act in their own best interests because of depression or a lack of self-efficacy, there is a risk that some will respond to penalties with 'learned helplessness' rather than compliance. Recipients may not feel that they are able to organise their lives in a way that will prevent penalties from occurring.

Imposing automatic eight week penalties is unlikely to be an effective response to this problem. It would be better to allow providers discretion so that they can explore other less damaging ways to engage disempowered recipients in services.

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<sup>13</sup> Tony Vinson, 2007 *Dropping off the edge: the distribution of disadvantage in Australia*, Richmond, Vic.: Jesuit Social Services; Curtin, ACT: Catholic Social Services Australia.

## *The political problem*

While it is true that many of the general public support penalties for job seekers who fail to meet their obligations, research suggests that the current penalties are far harsher than those most Australians would regard as appropriate.

A 2002 study by the Brotherhood of St Laurence asked respondents how much they thought an income support recipient should be penalised for a first, second and third breach. The median amounts were \$20, \$50 and \$75.

It is also true that there is less public awareness of the extent to which governments fail to meet their side of the mutual obligation bargain by failing to provide timely access to essential services. However, successive governments seem to remain ready to impose penalties on people who are waiting for such services.

## **Reforming the compliance system**

Catholic Social Services Australia strongly supports the rationale for the Government's changes to the compliance system. In his second reading speech Employment Services Minister Brendan O'Connor argues that:

The key reason that these changes are necessary is that the current compliance system has resulted in thousands of counter-productive, non-discretionary and irreversible eight week non-payment penalties.

For the duration of these eight week non-payment penalties there is no requirement for a job seeker to look for work, or to have contact with either their employment service provider or Centrelink.

The consequence of this failed approach to compliance, and an obvious defect in the system, is the eight week separation of job seekers from participation requirements, including looking for work, gaining skills or undertaking work experience.

The indications to date are clear. The former Government's system has failed to prevent non compliance.

The Minister argues that an effective system would result in a decrease in the number of penalties because more job seekers would participate.

While supporting the Government's intent, Catholic Social Services Australia has a number of concerns with some aspects of the Bill.

### **No show no pay**

The aim of the 'no show no pay' provisions is to make participation in employment services more 'work-like'. According to the Minister's second reading speech:

If a job seeker, without a reasonable excuse, does not attend an activity that they are required to attend, like Work for the Dole, Centrelink will impose a *no show no pay failure*. Centrelink will also impose a *no show no pay failure* if the job seeker doesn't attend a job interview, or if they attend the interview, but deliberately behave in a way that would foreseeably result in a job offer not being made.

A *no show no pay failure* will result in the job seeker losing one-tenth of their fortnightly payment for each day they don't attend.

However, in practice, participation in employment services will *not* resemble the experience of work. Job seekers with minimal participation requirements will receive the same level of payment as those with much more demanding requirements. Rather than being rewarded for increased participation, job seekers will be exposed to a greater risk of loss of income. The difference is that employees are usually paid more when their hours of work are increased.

Catholic Social Services Australia has a number of concerns about the proposed 'no show no pay' provisions. These provisions may:

- ***Make job seekers cautious about agreeing to activities when they lack confidence.*** For example, a job seeker who struggled at school and felt humiliated by their lack of success may feel anxious about undertaking a training course. Rather than agreeing to try a course that may help them improve their employability, they may attempt to negotiate a less emotionally threatening but less beneficial activity.
- ***Reduce provider involvement in job search.*** Job seekers may resist involving their provider in job search activities. Every job interview which involves their employment services provider will carry the risk of a 'no show no pay' penalty.
- ***Punish job seekers for behaving reasonably at interview.*** The wording of 42C (1) (iv) is too broad. It does not require that the job seeker's intent was to avoid receiving a job offer, only that it was foreseeable that the behaviour "could result in an offer of employment not being made".

To address these issues the Bill should be amended to allow decision makers to apply discretion in cases where the job seeker does not have a reasonable excuse but is not willfully avoiding their obligations.

### **Connection and reconnection failures**

The connection and reconnection failure provisions allow job seekers to avoid loss of payment if they fail to attend an appointment without reasonable excuse but take action to comply with reconnection requirement involving a further appointment or further job search requirements.

Failing to attend the reconnection requirement will result in the loss of one-fourteenth of their fortnightly payment each day that, without reasonable excuse, they do not comply with the reconnection requirement.

The Bill does not allow the Secretary to exercise discretion in imposing a penalty. This is likely to bureaucratise the process of encouraging compliance rather than tailoring it to the circumstances of the individual.

### **Disincentive effects of preclusion periods**

The eight week preclusion period for job seekers who become voluntarily unemployed without good reason may have the perverse effect of discouraging some job seekers from applying for or accepting jobs. A UK study of Jobseeker's Allowance (JSA) recipients found that penalties had two effects:

Some customers expressed a desire to find employment sooner as they wanted to stop being reliant on the Jobcentre and not run the risk of incurring a sanction again in the future. However, for others it posed a more awkward dilemma – while certain customers appeared to be keen to find employment, there also seemed to be some concern about attending unsuitable job interviews in case they were sanctioned for not accepting the job offer or leaving the job after a short period of time.<sup>14</sup>

It may be easier to encourage some job seekers to take risks with their job search if they are confident that they will not be penalised for leaving a job that is unsuitable.

Allowing employment services providers the discretion to exempt some job seekers from this condition may improve the effectiveness of services.

### **Other concerns with the legislation**

Catholic Social Services Australia is aware that ACOSS and the National Welfare Rights Network will be providing a number of detailed recommendations for amending the Bill. We recommend that Senators consider these detailed amendments.

In particular, these include recommendations on amendments relating to ‘no show no pay’, serious failures, connection and reconnection failures.

### **The need for review**

The Bill should include a requirement that the impact of compliance arrangements are monitored and a comprehensive review is conducted within 12 months of the Bill’s introduction. The review should examine the impact of the changes on financial hardship, recipient well-being, compliance and employment outcomes.

The Government should publicly report data on the numbers of recipients who are penalised and their demographic characteristics (eg age, gender, Indigenous). Such data ought to be published monthly in order to identify harmful trends or unintended consequences quickly.

### **Conclusion**

Catholic Social Services Australia supports the intent of this Bill. The current compliance system is both harsh and counter-productive. It causes hardship to large numbers of individuals and families in an effort to penalise a small number of individuals who may be abusing the system.

Our major concern is that the new arrangements are still too harsh and inflexible. The Bill should allow more discretion in the imposition of penalties and should eliminate eight week penalties entirely.

The Bill should include a requirement that the impact of compliance arrangements are monitored. The Bill should also include a requirement that the impact of the changes

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<sup>14</sup> Mark Peters and Lucy Joyce, 2006 *A review of the JSA sanctions regime: Summary research findings* DWP Research Report No 313. <http://www.dwp.gov.uk/asd/asd5/rports2005-2006/rrep313.pdf>

should be reviewed within 12 months of being introduced. This review should examine the impact of the changes on financial hardship, recipient well-being, compliance and employment outcomes. In addition the Government should publicly report data on the numbers of recipients who are penalised and their demographic characteristics (eg age, gender, Indigenous). Such data ought to be published monthly in order to identify harmful trends or unintended consequences quickly.

Compliance should never be an end in itself. Policy makers should attempt to design a system that not only provides financial support, but one that provides active assistance to make job search more effective and job seekers more competitive in the labour market.

Under a framework of mutual obligation governments should not impose requirements simply to inconvenience job seekers and make the experience of unemployment less attractive, but to provide genuine assistance.